Co-operation in Practice - Principles

In 2012 the Co-operative Federation of Victoria Ltd (Co-operatives Victoria), the Co-operative College in the UK and the SouthEast Housing Co-operative Ltd co-produced a series of short films on Co-operation in Practice featuring the then Chief Executive Officer and Principal of the Co-operative College Mervyn Wilson – Directors, Education, Governance, International, Members, Principles, Social Enterprises and Values. Filming was undertaken by Trade Creative. For each film the Co-operative College prepared a transcript.

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Beyond these are guiding principles, often known as the Rochdale Principles because it was the Rochdale Pioneers – the first successful co-operative society – that elaborated them in their famous rule of 1844. They are about voluntary membership that should be open to all people who can use the services and accept that they will abide by the rules. They are about member economic participation so that people can contribute to the shared capital of their co-operative and share in the rewards from it.

Alongside these co-operative values are four ethical values. The ethical values can be shared by many other organisations, but they are particularly important to co-operatives – in many ways it was a response to the lack of these that led to the growth of our co-operative movement in the first place. The first of these is honesty. It seems pretty obvious these days, but in many ways co-operatives responded to dishonest practices in retailing in particular at the time of their foundation. There was widespread practice of adulteration of food stuffs, there was widespread abuse of weights and measures, so honest trading was absolutely critical to the success of the Rochdale Pioneers. We talk about openness as a value – being open and transparent in transactions. You often see this demonstrated in modern fair-trade co-operatives, working with small holders in the developing world. Here you can see the scales where the small holders weigh their coffee or other produce, showing that they are not being cheated as they often are by the middlemen. We have also got a value of social responsibility, which is about showing the links with their communities and that in all of their actions they are going to be responsible, and uphold the value of caring for others. Caring is an absolutely key part of co-operatives and the way they work with communities. Beyond these values we have the series of principles known as the Rochdale Principles. They have changed over time because they are the guidelines through which the values are put into practice. The first of these is about voluntary and open membership. This principle means that people join a co-op because they want to, because they can use its services and they accept the responsibilities of membership, but it is not a collective, you can't force people to join a genuine co-operative, you can't have an opt out rather than opt in as some government officials at times think. The second one is about democratic control, that co-operatives are controlled on a one member, one vote basis irrespective of race, irrespective of creed, irrespective of share holding, which really differentiates them from other big companies. The third one is about member economic participation, that members will contribute to the share capital of the co-operative and they will also benefit from the patronage rewards, the rewards as a result of the loyalty they have given in terms of buying and trading with their co-operative.

There are other principles as well – autonomy and independence. In parts of the world there is a thin line between Government support for co-operatives and Government control of co-operatives. The principle is that co-operatives are autonomous and independent organisations, whilst they may have relationships with the state that should not involve interference and control. The set of principles about education, training and information say that co-operatives should inform their members, the wider public and especially young people about the nature and benefits of co-operation. They recognise that as membership-based organisations they need to educate their members and in particular their leadership in order to ensure good governance of co-operatives. We have a principle of co-operation between co-operatives that says we want to build a co-operative economy, we want to encourage co-operatives to trade with other co-operatives and build that solidarity, put the value of solidarity into practice. And finally we have a principle of concern for the community. Today everyone would say about their concern for the environment. But that is at the heart of co-operatives, concern for their community, all aspects of their community and ways in which they can look to strengthen the communities from which their members come, the communities of which they are part.

Today many co-operatives across the world see their values as what differentiates them from other forms of businesses. Now post the global consumer crisis people have lost confidence in many of the big public companies. Co-operatives are saying as customer member owned businesses, they are different; they are not there simply to make the maximum profit for their shareholders. They are there to meet the needs of their members – so we see putting the ethics into practice, promoting fair-trade, promoting fair financial transactions, are what is building the success of the co-operative movement across the world.

Film available at CoOperationdg
https://www.youtube.com/channel/UCvnVDdQMYk112jAgJ-pvfFA